

Message Text

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17/13

ACTION EB-11

INFO OCT-01 SCI-06 ISO-00 ACDA-19 CIAE-00 INR-10 IO-14

L-03 NSAE-00 NSC-10 RSC-01 SCEM-02 AID-20 CEQ-02

COA-02 COME-00 DODE-00 EPA-04 NSF-04 PM-07 SS-20

SPC-03 H-03 PA-04 PRS-01 USIA-15 TRSE-00 EUR-25 DRC-01

NEA-10 INT-08 /206 W

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R 182131Z OCT 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1942

INFO AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL MONTREAL

AMCONSUL QUEBEC

AMCONSUL ST JOHNS

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS OTTAWA 2502

E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: PRESS REPORTS ON POSSIBLE CANADIAN OIL EMERGENCY

1. FINANCIAL POST OF OCTOBER 20 (HYMAN SOLOMON, WASHINGTON DATE-LINE) HEADLINES REPORT THAT IT UNDERSTANDS CANADA WILL NOT HELP U.S. IN EVENT OF OIL EMERGENCY BROUGHT ON BY MIDDLE EAST WAR AND THAT "THIS IS THE HARD WORD RELAYED BY CANADA IN RECENT DAYS TO U.S. OFFICIALS DESPERATELY SEEKING EMERGENCY ALTERNATIVE SOURCES OF SUPPLY IN CASE OF AN ARAB OIL SUPPLY CUTBACK. THE CANADIAN RESPONSE APPARENTLY WENT BEYOND A SIMPLE TURNDOWN FOR EXTRA SUPPLIES. IN EFFECT, THE U.S. WAS TOLD THAT CANADA MIGHT ACTUALLY REDUCE CURRENT LEVELS OF OIL EXPORTS IN THE NEAR FUTURE TO COVER ITS OWN NEEDS."

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2. BOTH OTTAWA AFTERNOON PAPERS (CITIZEN AND JOURNAL) OF OCTOBER 18 REPORT SUBSTANCE OF ENERGY MINISTER MACDONALD'S REPLIES ON OCTOBER 17 TO QUESTIONING IN COMMONS ON OIL SITUATION. ON BASIS HANSARD TRANSCRIPT OF THAT DATE, MACDONALD SAID CANADA HAS RESERVE SUPPLIES OF BETWEEN 45 DAYS FOR CRUDE OIL AND PRODUCTS TO OVER 100 DAYS FOR HOME HEATING OIL AND THAT ARRANGEMENTS HAVE BEEN MADE FOR MEETING WITH CANADIAN OIL COMPANIES, POSSIBLY ON OCTOBER 19, TO DISCUSS EMERGENCY CONTINGENCY PLANS. IN RESPONSE TO SPECIFIC QUESTION, MACDONALD SAID U.S. HAS MADE NO REPEAT NO REQUEST TO CANADA TO INCREASE OIL EXPORTS. OPPOSITION LEADER STANFIELD ASKED WHAT HAS BEEN DONE TO INCREASE SUPPLY SECURITY IN EASTERN CANADA. MACDONALD REPLIED THAT INCREASED STORAGE NOT PRACTICABLE IN VIEW OF PRESENT DIFFICULTIES TO SECURE EVEN REGULAR SUPPLIES; THAT IT HAD NOT IN THE PAST BEEN POSSIBLE TO OBTAIN SECURITY AGREEMENT FROM U.S. TO PROTECT CANADA; AND THAT OECD DISCUSSIONS ON INTERNATIONAL SUPPLIES HAD BROKEN DOWN FOR REASONS OVER WHICH CANADA HAD NO CONTROL.

3. OTTAWA JOURNAL (FRONT PAGE, OCTOBER 18) REPORTS FEDERAL ENERGY EXPERTS AS STATING OIL RATIONING IN EASTERN CANADA COULD BEGIN AS EARLY AS JANUARY OR FEBRUARY IF FIVE PERCENT MONTHLY REDUCTION IN ARAB PRODUCTION LASTS MORE THAN FEW MONTHS. HOWEVER, IF REDUCTION LASTS ONLY MONTH OR TWO, SHORTFALLS COULD BE MADE GOOD BY SHIPPING ALBERTA OIL VIA SEAWAY AND SMALL CAPACITY TORONTO-MONTREAL PIPELINE.

4. JOURNAL ALSO REPORTS THAT ARAB CUTBACK WILL AFFECT CANADA BECAUSE MONTREAL REFINERIES RECEIVE THEIR IMPORTS DURING WINTER BY TANKER DELIVERIES TO PORTLAND MAINE PIPELINE AND ARAB CUTBACK WILL AFFECT TANKER MOVEMENTS.

5. TORONTO STAR (OCTOBER 18) STATES OTTAWA ENERGY OFFICIALS PESSIMISTIC ABOUT ABILITY TO MOVE WESTERN OIL EASTWARD IN EMERGENCY AND THAT "ARRANGEMENTS PROBABLY WILL HAVE TO BE NEGOTIATED WITH THE UNITED STATES NEXT WEEK WHEN WHITE HOUSE ENERGY ADVISER JOHN LOVE VISITS MACDONALD IN OTTAWA."
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